

SCRUTINY PANEL 10 DECEMBER 2013

- Present :-* Councillor Beverly Davies (Chairman)
Councillors Kevin Bentley, Nick Cope, Marcus Harrington, Dave Harris, Jo Hayes, Peter Higgins and Mike Hogg
- Substitute Member :-* Councillor Philip Oxford for Councillor Gerard Oxford
- Also in Attendance :-* Councillor Martin Hunt
Councillor Paul Smith

38. Minutes

The minutes of the meeting held on 29 October and 12 November 2013 were confirmed as correct records.

39. Work Programme 2013/14

The Panel considered a report by the Assistant Chief Executive setting out the current Work Programme for the Panel for 2013 -14.

A review of the Council's overall IT provision in respect of the financial costs, practicalities, project management and milestones had been added to the programme for the meeting in March 2014. In addition, information was awaited from Colchester Hospital Trust regarding the attendance of the Chief Executive and Chairman of the Board at the Panel meeting in January 2014.

RESOLVED that the contents of the Work Programme be noted.

40. Review of Parking Services in Colchester

Councillors Bentley and Harris (in respect of their being members of Essex County Council) declared their non-pecuniary interests in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

Councillor P Higgins (in respect of his spouse's membership of Essex County Council) declared his non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

The Panel received a report by the Head of Operational Services requesting consideration of the presentation delivered jointly by Matthew Young, Head of Operational Services and Richard Walker, North Essex Parking Partnership Group Manager.

At the meeting of the Panel in August 2013 it had been agreed that a review of parking

services would be added to the Panel's work programme with the intention of including the following items in particular:

- Whether the provision of parking services in Colchester is compliant with the Local Transport Plan
- Whether Colchester's parking policy is helping Colchester businesses and residents, and helping to transform the town centre
- What the benefits of the North Essex Parking Partnership are to Colchester (including financial)
- An understanding of the decision making process (to include the relationship between NEPP and ECC).

Councillor Martin Hunt, Portfolio Holder for Street and Waste Services and Braintree District Councillor Robert Mitchell, Chairman of the North Essex Parking Partnership (NEPP) Joint Committee, had both accepted the Panel's invitation to attend the meeting and participate with the Panel in open discussion. Essex County Councillor Rodney Bass, Portfolio Holder for Highways and Transportation, had also been invited to attend the meeting but had declined.

The presentation gave details of the various pieces of legislation relating to traffic regulation and enforcement which had been introduced since 1984 and set out the local priorities for the parking service in Colchester which had been identified by the Cabinet as follows:

- Support town centre vitality
- Support the increasing costs of running and refurbishing car parks
- Encourage travel outside peak hours
- Influence supply, demand and congestion
- Be aware of price elasticity and resistance

Parking had been decriminalised in Essex between 2002 - 04, at which time Essex County Council (ECC), as makers of policy, had established twelve Highways Agencies within the Borough and District Councils to administer parking enforcement. ECC retained four area offices which administered engineering, traffic regulation orders and maintenance.

In 2009, with a growing deficit of £900,000 countywide, ECC issued notices to cancel the District and Borough agencies. A Review Group had been formed in 2010 with the following objectives:

- More efficient and consistent operation
- Address enforcement issues
- Eliminate the deficit

The agreed solution which was produced proposed an ownership model Local Authority partnership with a lead delivery authority providing shared services. The intention being to deliver the following benefits:

- A Partnership Agreement

- Each Local Authority member retained influence on parking authority decisions
- A lead delivery authority
- Support for all authorities in partnership
- A consistent approach to improving performance
- The opportunity to contract district off street enforcement and operations into the partnership
- More effective use of resources through reduced duplication
- The potential for market testing at a future time
- Alignment to sub regional economic solutions
- A single partnership financial account
- Shared risk and opportunity

The NEPP was created as a result which delivered a number of changes, including:

- All parking matters were brought into one place –with a single business case
- An agreed budget for and associated improvements to the signage and traffic restriction backlog
- Transfer of maintenance of signs and lines to the Partnership
- District sign up to off-street services was optional
- Income from Penalty Charge Notices (PCNs) was maintained
- Provision of improved enforcement and follow-up of PCNs
- Efficiencies in operation made in order to eliminate the deficit
- Savings delivered from reduced management, overheads and accommodation.

The presentation also provided information in relation to the staff structure and the Joint Committee decision making process.

The following issues were raised by Panel members:

- Councillor P Higgins - incidents whereby enforcement activity had been concentrated in particular locations at certain times and the reasons behind this approach, when the long awaited major review of residential parking schemes would be concluded, the proportion of fines which were paid early and those the subject of complaints being upheld and the length of time remaining on the NEPP Agreement;
- Councillor Harris – the restricted budget which was available for maintaining road signage, whether this would result in unclear parking restrictions with potential difficulties in imposing PCNs, welcoming the introduction of the ‘camera car’ to assist in the safety of school children on their journeys to and from school and the ability of staff to take on new traffic schemes given the limited resources available;
- Councillor Harrington – the reasons behind the length of time taken to implement a scheme after a request had been submitted and the ability of Enforcement Officers to act promptly on reports of contraventions by vehicles;
- Councillor Cope – the current average timescale for the delivery of a traffic scheme and the details of the appeals process;
- Councillor Bentley – the reasons behind the length of time taken to implement a traffic restriction in the locality of a school, the need to issue a summary document explaining the work and inter-relationships of the NEPP and the Local Highway Panel (LHP), the possibility of utilising the County Member Enquiry Service to

assist with parking related enquiries and the measures being proposed to compensate for income targets failing to be met;

- Councillor Hogg – how the ‘park safe’ car service will be structured and allocated within and across the Districts;
- Councillor Hayes – the need for residents in densely populated areas such as Castle ward, where it was not possible to obtain a parking permit, to be permitted to unload items such as shopping from their vehicles without the risk of incurring a PCN, the potential conflict between the regulation of traffic and the raising of revenue, the benefits to Colchester of it being the lead authority in the NEPP and her preference for all NEPP vehicles to not carry a Borough Council logo;
- Councillor Davies – to what extent the NEPP and South Essex Parking Partnership (SEPP) were similar, the need for the NEPP risk register to be regularly reviewed to take account of changing circumstances and service delivery and whether the partnership benefitted from the income generated from advertising in car parks.

In response to issues raised, the following information was provided jointly by Matthew Young and Richard Walker and Councillor Hunt:

- The recent introduction of regulations to enforce dropped kerbs did not provide discretion on the part of the Enforcement Officers other than to impose a PCN and this had initially created a problem in the New Town area where a significant number of dropped kerbs had been installed for drainage purposes rather than for access;
- The major review of residential parking schemes was due to be advertised in the local paper in January 2014 and it was hoped it would accord with the outcome of the consultation which had originally been conducted some 8 years ago. The statutory consultation period would be for 21 days and would include maps to illustrate the proposals;
- The civil engineering funding made available over a number of years had amounted to approximately £1m however the backlog and complication of traffic regulation orders had proved a challenge to tackle and to improve;
- It was not possible to deviate from the prescribed process in relation to the implementation of traffic regulation orders, including the type and length of public consultation. It was felt that this situation had, however, been improved through the introduction of the Partnerships which had provided opportunities locally for representations to be made direct to the Joint Committee members;
- Enforcement Officers were able to determine their own routes for enforcement and to decide their ability to respond to information on contraventions. It was usually easier to act on these if they followed a regular pattern, as prior planning enabled route patterns to be varied more easily;
- The current timeframe for the delivery of a traffic scheme was thought to be a number of years although when the backlog of orders to be reviewed had been cleared, it was anticipated that this timeframe would be reduced to 12 months
- The reasons behind the time taken for the implementation of traffic restrictions was the need to undertake public consultation, there was currently around 300 schemes awaiting action and there were three members of staff who were responsible for this work load. The limited engineering staff resources meant that the reviews in each District exhausted the ability to take on work elsewhere until the

reviews were completed

- Before undertaking a review of parking charges generally the Portfolio Holder was waiting to assess the impact of the introduction of Park and Ride on the Council's Medium Term Financial Forecast;
- An information pack was due to be sent to all councillors explaining how the 'park safe' car service would work;
- In areas where there was no scheme for residents' parking the aim was to provide sensible zoned solutions and this was an area of work which was intended to be looked at after the completion of the current parking review;
- A hierarchy of priorities was in place to penalise those motorists breaking the law but this did not include the requirement to make a profit from fines or the imposition of targets for the issue of PCNs;
- Options for the future delivery of the NEPP cash collection service were being discussed with the Portfolio Holder for Business and Resources and whilst these discussions were being conducted alternative arrangements for the collection had been put in place;
- The context for the setting up of the NEPP was that Colchester had formed a parking partnership with Braintree and Uttlesford which subsequently led to Essex County Council inviting expressions of interest in taking the lead in a parking partnership. It was felt to be in Colchester's best interests to take the lead in this wider partnership given the continuing opportunities to share the costs of the support for the service across the region;
- It was confirmed that all NEPP vehicles carried only a NEPP logo and not a Borough Council logo;
- There was a trend towards fines being paid earlier and for people choosing to maximise the discounted rate period;
- New schemes were considered by the NEPP Joint Committee at each meeting when they were assessed in accordance with a scoring matrix. At the last meeting three new schemes had been approved for Colchester;
- The proportion of complaints against the issuing of PCNs being upheld was attributed to the cases of valid Blue Badges and pay and display tickets not being displayed adequately;
- The current NEPP Agreement had been signed in 2011 and was for a period of seven years, with the option to extend it for a further four years. Signatories had the option to give 12 months notice of their intention to withdraw from the partnership;
- Client officers from the parking partnership met regularly and it was felt that the County Council preferred the proactive approach adopted by the NEPP. The SEPP included a higher proportion of residents' parking schemes and off street parking which meant its income was greater. The two partnerships were similar in terms of issues and problems, however, the NEPP covered a far larger area;
- The NEPP risk register was reviewed regularly and was due to be considered at the next meeting of the NEPP Joint Committee in January;
- The NEPP Agreement provided for income generated from advertising in car parks to be retained by individual districts.

Braintree District Councillor Robert Mitchell was invited to contribute to the discussions by the Chairman of the Panel. He explained that all of the members of the NEPP were

looking forward to the introduction of the CCTV vehicle on the basis that they were all of the view that it would greatly assist with enforcement in the locality of schools and would require fewer enforcement officers to issue PCNs. He wished to encourage the use of the term 'Park Safe' car in relation to the CCTV vehicle due to the anticipated contribution towards safe parking and increased cycling and walking.

He also referred to the NEPP budget, the need to address the inherited deficit of £900k, one third of which had been in respect of one of the Districts in the Partnership, and the recently identified disparity of funding awarded between the two Parking Partnerships by Essex County Council. He was strongly of the view that the inequality in funding from the County Council, despite the NEPP having paved the way for the SEPP, needed to be addressed as a priority for the NEPP.

Councillor Mitchell reminded the Panel that fewer Enforcement Officers would be required if motorists responded to the imposition of PCNs and became generally more compliant with traffic restrictions. He explained that the money generated from the PCNs was used to fund the Enforcement Team which was also responsible for enforcing the off street parking areas. However, shoppers were increasingly taking advantage of the low cost parking offers and this was impacting on the income being generated.

Councillor Mitchell went on to mention the complicated nature of some of the Traffic Regulation Orders that had been inherited by the Partnership which had impacted on officers' abilities to undertake the reviews expeditiously.

In terms of the allocation of the 'park safe' car, Councillor Mitchell explained that it would be utilised across all the Districts in the same way that the Enforcement Officers were apportioned. The service had a great deal of support across all Districts with the aim of providing an additional 'policing' mechanism of the zig-zag lines outside schools. It was hoped that the car would be able to attend four or five school locations each morning and each afternoon.

Councillor Mitchell referred to the cash collection for the NEPP which had been the subject of a tender exercise following the closure of Colchester's Cash Office and that he was aware that concerns had been expressed informally by NEPP Joint Committee members about the implications of this arrangement across the Partnership Districts.

Councillor Mitchell confirmed that most of the Districts in the NEPP were satisfied with Colchester as lead authority. He agreed that this arrangement made sense in terms of efficiencies and effectiveness, although he acknowledged that the partnership was maturing, despite difficulties as a result of the very large geographical area.

At the conclusion of the discussions Richard Walker offered to circulate to councillors the list of priorities for the Enforcement Officers as well as the contact details for the Area Managers relevant to each ward.

A number of Panel members were of the view that a more detailed consideration needed to be undertaken of the financial side of the NEPP partly set out in the report from the Head of Operational Services, including the income generated, the current

extent of the deficit and the measures proposed to address it. It was suggested that the Panel could request Cabinet to consider setting up a Task and Finish Group to undertake this further piece of work.

RESOLVED that –

- (i) Arrangements be made for the Scrutiny Panel to undertake, at an additional meeting to be agreed, a more detailed consideration of the following issues:
 - The NEPP budget situation, including the information set out in the report to this meeting from the Head of Operational Services;
 - Details of income generated by the NEPP;
 - Current extent of the NEPP deficit;
 - The measures proposed to address the deficit
- (ii) At the conclusion of the Panel's review of the financial issues identified above, consideration then be given to the need for Cabinet to consider the setting up of a Task and Finish Group.

41. Treasury Management Strategy Statement – Mid-Year Review Report 2013/14

A report was submitted by the Assistant Chief Executive inviting the Panel to note the activities relating to treasury management for the first six months of 2013/14 and consider performance.

Steve Heath, Finance Manager, Financial Accounting, explained that the Council operated a balanced budget, which broadly meant that income raised during the year would meet expenditure. Part of the treasury management operation ensured that the cash flow was adequately planned, with surplus monies being invested in low risk counterparties, providing adequate security and liquidity before considering investment returns.

The second main function of the treasury management service was the funding of the Council's capital plans. These capital plans provided a guide to the borrowing need of the Council to ensure the Council could meet its capital spending operations.

The Council employed Capita Asset Services (formerly known as Sector Treasury) to provide a consultancy service in respect of treasury management, to include advice on both debt and investments. During the year they had provided advice on borrowing, investments, counterparty credit details and general capital accounting information.

The report provided an update on the Council's position in the light of the latest economic performance as follows:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential

- indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

The latest forecast for the borrowing element of Capital Expenditure showed increases in the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

The latest position in terms of the underlying need to borrow for capital purposes demonstrated that the Council had maintained gross borrowing within its authorised limit during the first six months of 2013/14. One key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing would only be for a capital purpose. No difficulties were envisaged for the current or future years in complying with this prudential indicator. The Council had borrowings of £136m and had utilised £13.5m of cash flow funds in lieu of borrowing. This was a prudent and cost effective approach in the current economic climate, but would require ongoing monitoring. It was anticipated that no new borrowing would be undertaken during this financial year and no debt rescheduling had been undertaken during the first six months of 2013/14.

It was the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which was consistent with the Council's risk appetite. It was a very difficult investment market as rates were very low in line with the 0.5% Bank Rate. Given this risk averse environment, investment returns were likely to remain low. The Council held £37.0m of investments as at 30 September 2013 (£21.6m at 31 March 2013) and the investment portfolio yield for the first six months of the year was 0.54% against the three-month LIBID benchmark of 0.38%. The level of investments held, and therefore the total returns available, were likely to reduce during the remainder of the year as a result of cash flow fluctuations and the continuing strategy of internal borrowing. The report confirmed that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2013/14 whilst the Council's budgeted investment return for 2013/14 was £100k, and performance for the year to date was expected to be above budget.

The Council had invested a total of £4m in Icelandic banks in September 2008, which suffered a default following the collapse of the Icelandic banking system. The Landsbanki winding up board made a fourth distribution to creditors in September 2013, making the total distribution approximately 53% of the claim. The insolvency administration of the bank was likely to continue for several years and Panel members would be kept updated on the latest developments.

The following issues were raised by Panel members:

- Councillor Harrington – whether the Portfolio Holder for Business and Resources had previously implied that 100% of the Council's claim regarding its Icelandic investments had been successfully recovered;
- Councillor Cope - the accuracy of the interest forecasts, particularly those up to the period 2017;
- Councillor Harris – an explanation of the terms 'underborrowing' and 'internal

borrowing’.

In response to issues raised, the following information was provided by Steve Heath and Councillor Smith:

- Previous announcements regarding the Icelandic investments had been in relation to the Priority Creditor status of the Council and the expectation that this would assist in the full recovery of the claim;
- The interest rate forecasts were provided by the Council’s Treasury Management Consultants who were employed to provide us with their advice in this field;
- ‘Underborrowing’ related to the Council’s need to borrow compared to the actual level of borrowing which was lower. If the Council was ‘fully borrowed’ it would create a cost pressure in the order of £300knet.

RESOLVED that the activities and performance relating to treasury management for the first six months of 2013/14 be noted.

42. Half-yearly Performance Report including progress on Strategic Plan Action Plan

Councillor Harris (in respect of his membership of Colchester in Bloom) declared his non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

A report was submitted by the Assistant Chief Executive inviting the Panel to consider the performance report for the period up to the end of September 2013, including progress on performance measures and an update on progress of the Strategic Plan Action Plan.

Councillor Paul Smith, Portfolio Holder for Business and Resources, together with Matthew Sterling, Assistant Chief Executive, attended the meeting and explained that the Council had agreed a number of key performance areas which were used as part of its Performance Management Framework to help monitor progress and improvement. An update of indicators and a half-yearly review of progress against our Strategic Plan Action Plan was provided as follows:

- Progress towards achieving the overall set of organisational performance measures showed that 13 (65%) of measures were on track to be achieved (or ‘green’), four (20%) were not meeting expectations to date but with improvement likely (‘amber’), and three (15%) were not meeting expectations and unlikely to do so by the year-end (‘red’);
- The actions within the Strategic Plan Action Plan showed that there was a considerable amount of positive activity being undertaken across the Council and with partners to achieve the Strategic Priorities;
- The Council had also received a number of awards and accreditations which were highlighted in the Appendix to the report.

The following issues were raised by Panel members:

- Councillor P Higgins – the reasons behind the marked increase in mental health sickness absence and the reasons behind the shortfall in savings from the Sport and Leisure Fundamental Service Review (FSR);
- Councillor Hogg – the reasons behind the time taken to re-let sheltered housing vacancies and the valuable work undertaken by the zone wardens in enabling numerous community events across the Borough;
- Councillor Harris – whether the days quoted for the re-letting of vacancies at Harrison Court and Heathfields House were days respective to each sheltered scheme or was a figure between the two quoted, whether the target for the amount of waste being recycled would be increased in the light of the success of the food waste collection service, the reference to the Colchester in Bloom award needing to be amended and the need for further research to be undertaken into the trends behind the incidents of missed waste collections;
- Councillor Cope - the valuable work done in partnership with the April Centre to initiate the street drinkers outreach project and the importance of educating young people about alcohol mis-use;
- Councillor Harrington – the continuing low number of planning appeals allowed against the Council's decision to refuse and the potential for the Planning Committee to be encouraged by this statistic;
- Councillor Davies – whether the processing time for housing benefit claims and changes had been negatively impacted by the Universal Customer Contact FSR and whether costs benefit analyses were standard practice for all current council projects;
- Councillor Hayes – whether the waste recycling rate was considered to be a high achieving one compared to other Local Authorities and whether it was expected that food waste and recycling from flats would deliver a significant difference in the overall recycling rate

In response to issues raised, the following information was provided by Matthew Sterling and Councillor Smith:

- The sickness performance indicator had improved since the report had been written. The mental health cases tended to be in pockets across the organisation and was in relation to a relatively small number of people;
- The re-letting time for sheltered housing voids was partly due to the poor quality and hard to let nature of the accommodation but also the recent need to hold places in order to successfully reallocate residents from schemes which were subject to closure;
- Further clarification of the period of time for the re-letting of vacancies at Harrison Court and Heathfield House would be sent to Councillors;
- The shortfall in savings from the Sport and Leisure FSR was partly due to the very ambitious income targets but there had been significant improvements over the previous year and it was anticipated that the targets would be achieved but over a slightly longer timeframe;
- The processing time for housing benefit claims had been effected by a recent issue with the upgrade of the Council's document management system which had required resources to be directed from the processing of claims to account management responsibilities;

- All new projects across the Council tended to adopt accepted project management arrangements, including cost benefit analyses;
- The period covered by the report included all of the summer months and as such the recycling rate benefitted from the increased garden waste proportion at this time of year. It was also reported that the composition of the recycling was beginning to change in terms of the amount of card coming into the system which was thought to be a reflection of changes in packaging materials;
- The introduction of the food waste collection would contribute positively to the recycling rate. However it would not deliver the recycling rates achievable by those Authorities which used a wheelie bin collection service.

RESOLVED that the contents of the performance report for the period up to the end of September 2013, including progress on performance measures and an update on progress of the Strategic Plan Action Plan be noted.